

Message Text

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ACTION ARA-10

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E.O. 11652: N/A

TAGS: ENRG, TECH, AR

SUBJECT: ENERGY POLICY OF NEW ARGENTINE GOVERNMENT

1. S&T COUNSELOR/ERDA REP AND COMMERCIAL ATTACHE MADE INITIAL COURTESY CALL APRIL 13 ON NEW SECRETARY FOR ENERGY, DR. GUILLERMO OSCAR ZUBARAN. ZUBARAN IS 45 YEARS OLD, AN ACCOUNTANT WITH PH.D. IN ECONOMICS, AND HAS VARIED PRIOR EXPERIENCE WITH GOA. HE ATTENDED WORLD ENERGY CONGRESS IN U.S. IN 1974 AND MOST RECENTLY HAS BEEN VICE PRESIDENT OF CENTER FOR ENERGY RESEARCH IN BUENOS AIRES.

2. ZUBARAN INDICATED THAT ENTIRE ENERGY POLICY OF COUNTRY WOULD BE RE-EXAMINTED, NOTING THAT PREVIOUS POLICY HAD CONTAINED MUCH "FANTASY." IN HYDROELECTRIC FIELD, HE NOTED THAT PARANA MADIO PROJECT WAS UNECONOMIC AND UNDOUBTEDLY WOULD BE LOWERED IN ITS PRIORITY. A DEEPER LOOK WOULD ALSO BE TAKEN AT NUCLEAR ENERGY, IN CONJUNCTION WITH CNEA(ZUBARAN SAYS HE AND CASTRO MADERO ARE OLD FRIEDNDS) TO SEE WHETHER PRESENT COURSE IS RIGHT ONE OR SHOULD BE ALTERED (E.G. TOWARD MORE ADVANCED TYPES OF REACTORS OR, EVEN, CONCEIVABLY, TOWARD LWR'S).

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3. PETROLEUM EXPLORATION WILL BE EMPHASIZED, BOTH OFF-SHORE (WHERE YPF HAS ONLY ONE RIG) AND ON-SHORE. PRIVATE INDUSTRY PARTICIPATION WILL BE ENCOURAGED, AND CONTRACTS SOUGHT FOR THE ON-SHORE DRILLING. OUTSTANDING INVESTMENT DISPUTES (E.G. SHELL, ESSO, STANDARD ELECTRIC) WILL BE SETTLED.

4. PROSPECTION FOR COAL IS TO BE INTENSIFIED. THIS IS A FIELD WHICH HAS BEEN LARGELY IGNORED IN THE PAST, ACCORDING TO ZUBARAN.

5. DEVELOPMENT OF GEOTHERMAL ENERGY SOURCES WILL LIKELY RECEIVE GREATER EMPHASIS.

6. ZUBARAN EXPRESSED PARTICULAR INTEREST IN ENERGY CONSERVATION, AND EMBASSY WOULD APPRECIATE ANY MATERIAL ERDA CAN PROVIDE TO PASS TO HIM ON THIS SUBJECT. AGAIN, HE WANTS TO GET ARGENTINA STARTED THINKING ALONG THIS LINE, AT LEAST.

7. FINANCING IS TO RECEIVE MUCH MORE CONSIDERATION THAN PREVIOUSLY. ZUBARAN NOTED THAT AGUA Y ENERGY'S INCOME WAS ONLY 1/3 OF ITS ANNUAL INVESTMENT EXPENDITURE, A SITUATION WHICH COULD NOT CONTINUE.

8. COMMENT: MEETING WAS MOST CORDIAL. ZUBARAN CLEARLY WANTS TURN ENERGY PROGRAM TOWARD PRAGMATIC, ACHIEVABLE COURSE. EMBASSY IS ENCOURAGED THAT HE WILL BE ABLE TO GRADUALLY DO THIS OVER TIME AND IS OPTIMISTIC THAT THIS WILL LEAD TO SIGNIFICANT SHARE OF BUSINESS FOR U.S. FIRMS.
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